

Message

From: Pruitt, Scott [pruitt.scott@epa.gov]
Sent: 5/22/2018 3:28:57 PM
To: Ex. 6 Personal Privacy (PP) sp3@osec.usda.gov
Subject: RFS

In advance of the Thursday meeting, I thought it helpful to provide the following.

On May 8, 2018, the president made clear his direction on the Renewable Fuel Standard (RFS), which all parties - EPA, USDA, and Senators Cruz, Ernst, Grassley, and Toomey – agreed. Later that week, White House NEC provided a carefully crafted readout. As the agency with the regulatory responsibility, I have an obligation to act and implement the agreed to items. Accordingly, I have directed my staff to develop a single rulemaking that includes the following:

- I. EPA will propose a rule to extend the Reid Vapor Pressure (RVP) waiver for E10 to E15 so that gasoline blends with up to 15% ethanol can be sold year-round.
- II. EPA, in consultation with USDA, will propose a rule to establish a program that allows ethanol and biofuel exports to be used for RFS compliance. Under this program, one gallon of exported ethanol/biofuel will create one detachable Renewable Identification Number (RIN) credit that can be used to satisfy an obligated party's Renewable Volume Obligation (RVO) requirement. This RIN can presumably be sold to a third party as well, thereby increasing the pool of RINs and reducing the cost of RINs.
- III. EPA will grant future small refinery waivers based only on true economic hardship. EPA will propose a rule, in consultation with USDA and DOE, to reallocate the reduction in RVO resulting from future waivers.

I and my staff are committed to continuing to work with the White House, DOE, and USDA as the regulatory text for this proposed rule is developed. Since the May 8 agreement, some stakeholders have raised questions regarding additional, nuanced issues, including how best to offset gallons exempted under the small refinery hardship program. As a general matter, I am committed to seeking comment on issues that are beyond the context of the May 8 agreement, but important in the overarching context. This approach will bolster any associated final action while allowing interested stakeholders to build a record of technical and legal support.

Scott